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SENATE

REPORT
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STATE COMPREHENSIVE MENTAL HEALTH SERVICES PLAN ACT OF 1986

AUGUST 6 (legislative day, AUGUST 4), 1986.—Ordered to be printed

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Mr. HATCH, from the Committee on Labor and Human Resources, submitted the following

REPORT

[To accompany S. 1744]

The Committee on Labor and Human Resources, to which was referred the bill (S. 1744), to require States to develop, establish, and implement State comprehensive mental health plans, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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I. SUMMARY OF THE BILL

As reported by the Committee, S. 1744 would amend title XIX of the Public Health Service Act to authorize grants to States for the development and implementation of State comprehensive mental health services plans. The bill authorizes appropriations of $10 million each year for fiscal years 1987 and 1988 to be allocated among the States by a formula based on population, with no State receiving less than $150,000 a year.

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Under the provisions of S. 1744, each State would submit to the Secretary of Health and Human Services a State comprehensive mental health services plan. The plan would have to include certain elements related to the provision of services for chronically mentally ill individuals. The requirements include: (1) the establishment and implementation of an organized community-based system of care for chronically mentally ill individuals; (2) quantitative targets to be achieved, including numbers of chronically mentally ill individuals residing in the areas to be served; (3) a description of services to be provided to enable chronically mentally ill individuals to gain access to mental health services; (4) a description of rehabilitation, employment, housing, medical and dental, and other support services to be provided to chronically mentally ill individuals to enable them to function outside of inpatient institutions to the maximum extent of their capabilities; (5) activities to reduce the rate of hospitalization of chronically mentally ill individuals; (6) the provision of case management services to each chronically mentally ill individual in the State who receives substantial amounts of public funds or services; (7) provision for the implementation of case management requirements which call for phasing in the provision of such services beginning in fiscal year 1989 and completion by the end of fiscal year 1992; and (8) the establishment and implementation of a program of outreach to, and services for, chronically mentally ill individuals who are homeless.

In preparing the plan, each State is required to consult with representatives of employees of State institutions and public and private facilities who care for chronically mentally ill individuals.

The Secretary would be required to provide technical assistance to States in developing and implementing State plans, including the development and publication of model elements for State plans and model data systems for the collection of data concerning the implementation of State plans.

S. 1744 as reported authorizes the Secretary to withhold the allotment to the State for administrative costs under the Alcohol, Drug Abuse, and Mental Health block grant if the State has not developed and substantially implemented the plan by the end of FY 1988, has not developed and substantially implemented the plan by the end of FY 1989, and has not developed and substantially implemented the plan by the end of FY 1990.

S. 1744 requires the Secretary to develop and make available within one year after enactment a model plan for a community-based system of care for chronically mentally ill individuals, to be developed in consultation with State mental health directors, providers of mental health services, chronically mentally ill individuals, advocates for such individuals, and other interested parties.

The bill amends section 504 of the Public Health Service Act, which authorizes grants for Community Support Programs, to increase the authorization for appropriations for FY 1987 from $20 million to $24 million. The increased funding would be used to include homeless chronically mentally ill individuals among those eligible for services provided under the Community Support Program.

II. Background and Need for Legislation

An estimated 1.7 to 2.4 million persons in this country suffer from some persistent, severe form of mental illness. According to testimony before the Senate Committee on Labor and Human Resources by Dr. Shervert Frazier, Director of the National Institute of Mental Health (NIMH), approximately 900,000 of these chronically mentally ill persons reside in institutional settings—130,000 in State mental hospitals and 770,000 in nursing homes. Between 800,000 (severely disabled) and 1.5 million (moderately to severely disabled) mentally ill individuals were estimated to be living in the community.

As the NIMH director testified, these are persons with heterogeneous needs. Like the rest of the population, mentally disabled adults need food, clothing, housing, medical and dental care, transportation, education, recreation, and money. Like others, they need personal support systems, persons who care for them as individuals. Unlike others, they suffer profound, generally intractable, functional disabilities. Their capacity to work in regular employment is often impaired. They generally encounter difficulties with basic activities of everyday living, and often experience the effects of the ignorance and fear that mentally ill persons have faced throughout history.

According to NIMH, of the chronically mentally ill persons in the community, a majority live with their families. The proportion of severely ill patients who remain with or are discharged from institutional care to their families, however, is declining. This is a trend with serious implications for the needs of the chronically mentally ill for personal support networks.

A substantial number of chronically mentally ill persons in the community who are not with their families live in a variety of other settings, including residential treatment centers, group homes, sheltered apartments, and independently. An additional sizeable number cycle between hospitals, homelessness, and jails due to inadequacies in State and local systems of services.

Definitive national data on the number of chronically mentally ill persons who are homeless do not exist. The Department of Housing and Urban Development estimated in 1984 that 250,000 to 359,000 persons were homeless on an average night. Other sources suggest that the cumulative annual count may range from two to three times the daily count to as many as two million homeless persons. Estimates by the Department of Health and Human Services, the Department of Housing and Urban Development, and the American Psychiatric Association suggest the 25 to 50 percent of all homeless persons may have some form of mental illness, or as many as 500,000 individuals.

The Congress and the Federal Government have been active for more than 20 years in working to develop and support programs to assist in the treatment and rehabilitation of mentally ill persons. The Community Mental Health Centers (CMHC) Act of 1963, P.L. 88–164, provided for the allotment of Federal funds to the States for construction of community-based mental health centers. A State's allotment was based on population, extent of facility need, and financial need. Each State was required to develop a compre-

hensive mental health plan along with a list of priorities for action regarding mental health activities proposed by the State. States were also required to provide assurances that the services of centers would be available to all and that a reasonable amount of care would be provided to indigent persons.

The Community Mental Health Centers program was amended and extended several times between the time of its original enactment in 1963 and 1981 when it was replaced by the Alcohol, Drug Abuse, and Mental Health Services (ADMS) Block Grant. During that period, there were four major legislative changes in the program. The 1965 amendments, P.L. 89-105, added the authority for grants to cover a portion of staffing costs for centers. Federal support for staffing was limited to 51 months and was provided on a declining basis. The 1970 amendments, P.L. 91-211, extended the maximum period of Federal support to 8 years, and increased the maximum percentage of support to centers in designated poverty areas. The 1975 amendments, P.L. 94-63, provided for the first time a clear definition of a CMHC and prescribed the comprehensive mental health services which such a center had to provide in order to be eligible for funding. The 1978 amendments, P.L. 95-622, added flexibility for service delivery by centers by allowing new centers to begin with six basic required services and a plan for providing all other mandated services within a 3-year period. It also provided for the sharing of certain services between and among catchment areas, in order to avoid unnecessary duplication.

The final legislation to amend the CMHC program, before it was consolidated into the ADMS Block Grant in 1981 was the Mental Health Systems Act of 1980, P.L. 96-398. This legislation, enacted in part as a response to the 1978 report of the President's Commission on Mental Health, extended and amended the CMHC program, providing a larger role for the States in the administration of the program.

In 1981, P.L. 97-35, which created the Alcohol and Drug Abuse and Mental Health Services Block Grant Program, was enacted. This statute consolidated several categorical programs into a single block grant authority to the States, including grants for Community Mental Health Centers (CMHCs), grants and contracts for alcohol abuse services, and grants and contracts for drug abuse services.

Under the block grant approach, the provisions related to mental health services provided that States may use their funding for grants to community mental health centers for services: for chronically mentally ill individuals; identification and assessments of mentally ill individuals and the provisions for appropriate services to these individuals; and services for identifiable populations which are currently underserved in the state.

In 1984, P.L. 98-509 was enacted which revised and reauthorized this program until the end of Fiscal Year 1987.

III. History of Legislation

This legislation was introduced on October 8, 1985, by Senator Edward Kennedy. A committee substitute for the legislation was introduced at the committee markup on May 20, 1986 by Senators

Hatch and Kennedy. An amendment offered by Senator Quayle regarding state fiscal responsibility for implementation of the legislation, was accepted, and the legislation was reported out without objection.

IV. Text of Bill as Reported

Strike out all after the enacting clause and insert the following:

That this Act may be cited as the "State Comprehensive Mental Health Services Plan Act of 1986".

STATE COMPREHENSIVE MENTAL HEALTH SERVICES PLAN

SEC. 2. Part B of title XIX of the Public Health Service Act is amended—

(1) by inserting before the heading for section 1911 the following:

"SUBPART 1—BLOCK GRANT"; and

(2) by adding at the end thereof the following:

"SUBPART 2—STATE COMPREHENSIVE MENTAL HEALTH SERVICES PLAN

"DEVELOPMENT GRANTS

"SEC. 1921. (a) The Secretary shall make grants to States for the development of State comprehensive mental health services plans which comply with section 1922. In order to receive a grant under this section, a State shall submit an application to the Secretary. Such application shall be in such form, and shall contain such information, as the Secretary may by regulation prescribe.

"(b)(1) Except as provided in paragraph (2), the amount of a grant to a State under this section for a fiscal year shall be the amount which bears the same ratio to the amount appropriated to carry out this section for such fiscal year as the population of the State bears to the total of the population of all States which submit applications under this section.

"(2) Notwithstanding paragraph (1), the amount of a grant to any State under this section shall not be less than $150,000.

"(c) To carry out this section, there are authorized to be appropriated $10,000,000 for each of the fiscal years 1987 and 1988.

"STATE COMPREHENSIVE MENTAL HEALTH SERVICES PLANS

"SEC. 1922. (a) For each fiscal year, beginning with fiscal year 1987, each State shall submit a State comprehensive mental health services plan (hereafter referred to in this subpart as the 'State plan') to the Secretary.

"(b) A State plan shall, for the fiscal year for which the plan is submitted and each of the 2 succeeding fiscal years, meet the following requirements:

"(1) The State plan shall provide for the establishment and of implementation of an organized community-based system of care for chronically mentally ill individuals.

"(2) The State plan shall contain quantitative targets to be achieved in the implementation of such system, including numbers of chronically mentally ill individuals residing in the areas to be served under such system.

"(3) The State plan shall describe services to be provided to chronically mentally ill individuals to enable such individuals to gain access to mental health services, including access to treatment, prevention, and rehabilitation services.

"(4) The State plan shall describe rehabilitation services, employment services, housing services, medical and dental care, and other support services to be provided to chronically mentally ill individuals in order to enable such individuals to function outside of inpatient institutions to the maximum extent of their capabilities.

"(5) The State plan shall provide for activities to reduce the rate of hospitalization of chronically mentally ill individuals.

"(6) Except as provided in paragraph (7), the State plan shall require the provision of case management services to each chronically mentally ill individual in the State who receives substantial amounts of public funds or services. For purposes of this paragraph, the term 'chronically mentally ill individual' means

a chronically mentally ill individual as defined under State laws and regulations.

"(7) The State plan may provide for the implementation of the requirements of paragraph (6) in a manner which—

"(A) phases in, beginning in fiscal year 1989, the provision to all chronically mentally ill individuals to which such paragraph applies the case management services required to be provided under such paragraph; and

"(B) provides for the substantial completion of the phasing in of the provision of such services by the end of fiscal year 1992.

"(8) The State plan shall provide for the establishment and implementation of a program of outreach to, and services for, chronically mentally ill individuals who are homeless.

"(c) In developing each State plan required under this section, the State shall consult with representatives of employees of State institutions and public and private nursing homes who care for chronically ill individuals.

"(d) The Secretary shall provide technical assistance to States in the development and implementation of State plans which comply with this section. Such technical assistance shall include the development and publication by the Secretary of model elements for State plans and model data systems for the collection of data concerning the implementation of State plans.

"ENFORCEMENT

"SEC. 1923. (a) If the Secretary determines that a State has not, by the end of fiscal year 1988, developed the State plan required by section 1922, the Secretary shall reduce the amount of the State's allotment under subpart 1 for fiscal year 1989 by the amount specified in subsection (d).

"(b) If the Secretary determines that a State has not, by the end of fiscal year 1989, developed and substantially implemented the State plan required by section 1922, the Secretary shall reduce the amount of the State's allotment under subpart 1 for fiscal year 1990 by the amount specified in subsection (d).

"(c) If the Secretary determines that a State has not, by the end of fiscal year 1990, developed and completely implemented the State plan required by section 1922, the Secretary shall reduce the amount of the State's allotment under subpart 1 for fiscal year 1991 and each succeeding fiscal year by the amount specified in subsection (d). The Secretary shall discontinue the reduction under this subsection of a State's allotment under subpart 1 for a fiscal year if the Secretary determines that the State has, in the preceding fiscal year, developed and completely implemented the State plan required by section 1922.

"(d) The amount referred to in subsection (a), (b), and (c) with respect to a State is the total amount expended by the State for administrative expenses for fiscal year 1986 from amounts paid to the State under subpart 1 for such fiscal year.

"(e) Notwithstanding any other provision of this subpart, the Secretary shall not require a State government, in carrying out a State plan submitted under this subpart, to expend an amount for mental health services for any fiscal year which exceeds the total amount that would have been expended for such services by such government for such fiscal year if such plan had not been implemented.

"MODEL STANDARDS FOR THE PROVISION OF CARE TO THE CHRONICALLY MENTALLY ILL

"SEC. 1924. (a) Within one year after the date of enactment of this subpart, the Secretary shall develop and make available a model plan for a community-based system of care for chronically mentally ill individuals. Such plan shall be developed in consultation with State mental health directors, providers of mental health services, chronically mentally ill individuals, advocates for such individuals, and other interested parties.".

STATE MENTAL HEALTH SERVICES PLANNING COUNCILS

SEC. 3. Section 1916(f) of the Public Health Service Act is amended—

(1) by striking out "With amounts available under section 1915(a), the chief executive officer of the State may" and inserting in lieu thereof "The chief executive officer of the State shall"; and

(2) by adding at the end thereof the following new sentence: "The State may use amounts available under section 1915(a) to establish and operate such a council.".

DEMONSTRATION PROJECTS FOR SERVICES FOR HOMELESS CHRONICALLY MENTALLY ILL INDIVIDUALS

SEC. 4. (a) Section 504(f)(1) of the Public Health Service Act is amended by striking out "and elderly individuals" and inserting in lieu thereof "elderly individuals, and homeless chronically mentally ill individuals".

(b) Section 504(f)(3) of such Act is amended by striking out "1985, 1986, and 1987" and inserting in lieu thereof "1985 and 1986, and $24,000,000 for fiscal year 1987".

(c) Section 504(f) of such Act is further amended by adding at the end thereof the following new paragraph:

"(4)(A) Not more than 25 percent of the total amount of a grant for fiscal year 1987 made to a State under this subsection for a project for services for chronically mentally ill adults (other than a project for services for elderly individuals or a project for services for homeless chronically mentally ill individuals) may be used by the State for administrative expenses in carrying out such grant in such fiscal year.".

"(B) Not more than 25 percent of the total amount of any grant made to a State under this subsection for any fiscal year (beginning with fiscal year 1988) may be used by the State for administrative expenses in carrying out such grant in such fiscal year.".

V. COMMITTEE VIEWS

The Committee bill reflects the need for an effective system to plan, develop, and initiate services for the mentally ill especially those who have a chronic disabling mental illness. Frequently, people with long-term mental illness "fall through the cracks" of the mental health and social service systems and become unnecessarily re-hospitalized, placed in a criminal justice system for a minor infraction, or become homeless. In addition, the Committee heard testimony that other segments of the population, such as seriously disturbed children and the elderly, also suffer because of a lack of coordination, collaboration, and statewide planning for services to the mentally ill.

The purpose of S. 1744 is to facilitate the establishment and/or the further development of a truly comprehensive system of services that includes Medicaid, Vocational Rehabilitation, Psychosocial Rehabilitation, Housing, Income Support, Education, Health and Mental Health Services. The bill authorizes the development of State Comprehensive Mental Health Service Plans with special attention to those with chronic mental illness and who are in jeopardy of becoming homeless.

AUTHORIZATION AND MINIMUM ALLOTMENTS (SECTION 1921 (a))

The Committee recommends that the authorization level for this program be $10,000,000 for fiscal years 1987 and 1988. The funds appropriated for this program shall be distributed to the States by the Secretary on the basis of population, with no State to receive less than $150,000.

STATE MENTAL HEALTH SERVICE PLANS (SECTION 1922 (a))

The Committee has heard testimony from various expert witnesses representing the professional and lay community and those parents, whose sons and daughters have a mental illness, with regard to what may constitute a comprehensive mental health system. While the Committee does not want to be overly prescriptive, the Committee has heard testimony that there are some basic principles that constitute any mental health service plan that is to

serve the needs of the mentally ill. For that reason the Committee has required the plan developed by the State to include such basic principles and believes they should constitute the minimum in an application by the State for funds under this legislation.

The Committee intends that the State Plan will be a vehicle by which there will be the establishment and/or further development and implementation of organized community-based system of care. Based on the studies and evaluation of programs available to it, the Committee believes that the community is the best place for helping the chronically mentally ill. The goal of any community-based system should be the prevention and/or minimization of the hospitalization of the mentally ill person.

The Committee recognizes the fact that a comprehensive system of care goes beyond the mental health services for treatment and prevention to include case management, psychosocial rehabilitation, vocational rehabilitation, housing, income support, health and dental care, food, and other social services. Therefore the Committee has required a State to describe how such services for the mentally ill will be coordinated within the State. The Committee intended for case management to be a key factor in every comprehensive mental health plan.

The Committee believes that the States in developing their comprehensive plans should establish measurable goals. While the attainment of the goals is dependent upon many factors, some of which may be beyond the control of the State, the Committee believes that effective planning requires the setting and measuring of realistic goals. This is especially important with regard to the number of persons to be served in the community under the system developed by this plan.

The Committee intends the development of outreach programs to the chronically mentally ill who are homeless to be an essential factor in these plans. Outreach programs are essential to assisting many chronically mentally ill persons who would not ordinarily seek out help. Among the homeless, the mentally disabled are probably the least able to know where to find agencies, programs, and resources.

The Committee believes the advice of those persons providing care to the disabled mentally ill in State institutions and other facilities providing services to the mentally ill are invaluable in the development of the plan and feels the State should seek out their advice and knowledge.

PHASING IN OF COMPREHENSIVE MENTAL HEALTH SERVICES PLAN (SECTION 1923 (a))

The Committee recognizes the uniqueness of each State in its ability to establish a comprehensive mental health services plan or to build upon the system which currently exists and expands its comprehensiveness. For this reason, the Committee has provided for a 2-year period for the State to phase in the development of these plans. The Committee believes that the 2-year period is sufficient time for a State to organize the needed resources to develop such a plan. If after the 2-year period the State has failed to develop such a plan, the Committee believes that a penalty should be

assessed on the State. Accordingly, the Committee would authorize the Secretary to reduce the State's allotment under the ADMHA Block Grant by the amount the State spent on administrative expenses under the grant. This amount cannot exceed 10% of a states ADMS funds allotted. If in the succeeding 2 fiscal years, the Secretary finds that a State has not developed a substantially implemented plan and ultimately not completely implemented such a plan, the Committee has authorized a similar penalty be assessed against the State.

The Committee does not wish to place fiscal burden on states. The Committee believes the community-based system of care for the chronically mentally ill envisioned in this legislation will cost no more than the current system, because of savings from reduced needs for institutional care. Accordingly, the legislation does not require states to implement a plan required by the Act if such implementation would result in additional total costs for mental health services provided by the states.

Of course, the Committee does not intend that States evade the requirements of the act by developing an unrealistically expensive plan. Accordingly, the Committee expects that the Secretary will carefully review any State requests to avoid implementation of their plan on the grounds of costs. The state shall not be relieved of its obligation under this act unless, after consultation with and technical assistance from the Secretary, the Secretary concludes that the State is genuinely unable to develop and implement a plan that does not increase state costs.

TECHNICAL ASSISTANCE (SECTION 1922 (d))

The Committee recognizes the States need for technical assistance and the role of the Federal Government in assisting states. The Committee expects the Secretary of Health and Human Services to provide the appropriate resources for technical assistance. The Committee also recognizes the critical importance of model programs and elements that States can use to design their own comprehensive systems. While the Committee learned of such model programs at the State and community level, it was clear that the success of such initiatives has not been well publicized or utilized. Therefore, the Committee requires the Secretary to develop model elements and data communication systems for State plans and that such activities will be an integral part of the technical assistance provided.

MODEL STANDARDS (SECTION 1924 (a))

In late 1980, the Department of Health and Human Services published a draft report setting forth a comprehensive national plan for the chronically mentally ill that contained model standards and plans. This document helped States and communities. Since that document was published, there have been many changes in our mental health delivery system, financing mechanisms, and social service systems. The development of model standard is critical to States and Communities in assisting them to design a total system that addresses all the needs of the seriously mentally disabled person called for by S. 1744. The Committee believes that the devel-

opment of model standards is an appropriate role for the Federal government to assume. Therefore, the Committee directs the Secretary to enlist the expertise of State mental health directors, providers of mental health services, advocates for the mentally ill and former mental patient themselves in developing a new document within one year that shall constitute a model plan for community-based system of care. The knowledge and expertise of such persons and professionals and providers will be a key factor in the development of this document.

STATE MENTAL HEALTH SERVICES PLANNING COUNCILS (SECTION 1916 (f))

The Committee learned from witnesses at its hearings that State Councils that represent the consumer interests are invaluable in assuring attention to the community system of care and the chronically mentally ill. The Committee believes that the comprehensive state mental health plans must have this direct imput from consumer advocates, and professionals and therefore indicated that States shall establish such Councils who will be involved in the development of such plans.

DEMONSTRATIONS FOR THE HOMELESS (SECTION 504(f)(1))

The Committee recognizes that people who are homeless and metally ill are among the most vulnerable and disenfranchised clients of the mental health and human services systems. The Committee supports the Community Support Programs and has increased the authorization level of these NIMH demonstration programs. In addition, the homeless chronically mentally ill individuals were added to the list of priority population to be addressed with the express purpose increasing the attention this program places on this population.

COMMUNITY ORIENTATION OF DEMONSTRATIONS (SECTION 504(f)(3))

The Committee believes that there is a need to ultimately focus on the development of community systems of care, while at the same time recognizing the unique characteristics of such demonstration efforts and what they are attempting to accomplish. For instance, the Comprehensive Adolescent Service Support Project (CASSP) is seeking to first establish state-wide systems of care before attempting to develop community efforts. The Community Support Program focusing on adults by contrast has 7 years of program experience and the goal should be to move away from the support of State efforts to community programs. Therefore, the Committee has established limits on the amount of grant funds that can be spent at the State level in favor of directing those funds to be targeted at the local level.

VI. VOTES IN COMMITTEE

In executive session of the Committee on Labor and Human Resources on Wednesday, May 20, 1986, S. 1744 as amended, passed unanimously.

VII. Cost Estimate

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 1744.

2. Bill title: State Comprehensive Mental Health Services Plan Act of 1986.

3. Bill status: As ordered reported by the Senate Committee on Labor and Human Resources on May 20, 1986.

4. Bill purpose: To require states to develop, establish, and implement state comprehensive mental health plans.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1987	1988	1989	1990	1991
Authorization levels:					
Grants	10	10			
Demonstration projects	4				
Total authorization level	14	10			
Total estimated outlays	11	11	2		

The costs of this bill fall within budget function 550.

Basis of estimate: All authorization levels are stated in the bill. CBO assumes that all stated authorized amounts are fully appropriated at the beginning of each fiscal year. Outlays are estimated using spendout rates computed by CBO on the basis of similar health services program data.

This bill would authorized $10 million for grants to states in fiscal years 1987 and 1988 to develop comprehensive mental health services plans. States that do not develop and implement plans by dates specified in the bill would have their Alcohol, Drug Abuse and Mental Health (ADAMHA) block grant allotment reduced.

The Secretary would be authorized to develop a model plan for community based care for the chronically mentally ill. This provision is expected to result in no significant additional cost to the federal government.

The bill would also increase the current authorization level for demonstration projects for the elderly and the homeless chronically mentally ill. The current authorization level for demonstration porjects is $20 million for fiscal year 1987. This bill would raise the authorization by $4 million to $24 million for fiscal year 1987.

6. Estimated cost to State and Local government: The budgets of state and local governments could be affected by the enactment of this bill. Based on discussion with Committee staff, states may use funds ultimately appropriated under the authorization in section 1921 of the bill to implement their comprehensive mental health plans. If the use of these funds were not allowed, costs for implementation of the plans would be borne by the states.

In addition, ADAMHA block grant allotments would be reduced in states that do not develop and implement mental health plans according to the schedule laid out in the bill. CBO has no basis to

estimate which states might have their funding reduced as a result of this provision.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Carmela Dyer.

10. Estimate approved by: C.G. Nuckols (for James L. Blum, Assistant Director for Budget Analysis).

VIII. Regulatory Impact Statement

The Committee has determined that there will be a small increase in the regulatory burden and paperwork as a result of this bill. The Secretary of Health and Human Services is required to provide technical assistance to States in developing and implementing State plans, including the development and publication of model elements for State plans and model data systems for the collection of data concerning the implementation of State plans. Also S. 1744 requires the Secretary to publish within one year of enactment a model plan for a community-based system of care for chronically mentally ill individuals.

IX. Section-by-Section Analysis

The bill provides that the Act may be cited as the "State Comprehensive Mental Health Services Plan Act of 1986."

Section 2 of the bill amends part B of title XIX of the Public Health Service Act, which authorizes the Alcohol, Drug Abuse, and Mental Health (ADM) block grant, to add a subpart 2—State Comprehensive Mental Health Services Plan. Subpart 2 would contain four sections, sections 1921 through 1924.

The new section 1921(a) authorizes the Secretary to make grants to States for the development of State comprehensive mental health services plans. In order to receive a grant, a State would submit an application to the Secretary, in such form and containing such information as prescribed by the Secretary in regulation.

The new section 1921(b) provides that the amount of a grant to a State would be the amount which bears the same ratio to the amount appropriated for a fiscal year for the program as the population of the State bears to the total population of all States which submit applications, but not less than $150,000 to any State.

The new section 1921(c) authorizes appropriations of $10 million a year for fiscal years 1987 and 1988 for this program.

The new section 1922(a) requires each State, beginning with FY 1987, to submit for each fiscal year a State comprehensive mental health services plan to the Secretary.

Section 1922(b) provides that the State plan, for the year for which it is submitted and the two succeeding years, must meet the following requirements:

(1) provide for the establishment and implementation of an organized community-based system of care for chronically mentally ill individuals;

(2) contain quantitative targets to be achieved in the implementation of such a system, including numbers of chronically mentally ill individuals residing in the areas to be served;

(3) describe services to be provided to enable chronically mentally ill individuals to gain access to mental health services, including access to treatment, prevention, and rehabilitation services;

(4) describe rehabilitation, employment, and housing services, medical and dental care, and support services to be provided to enable chronically mentally ill individuals to function outside of inpatient institutions to the maximum extent of their capabilities;

(5) provide for activities to reduce the rate of hospitalization of chronically mentally ill individuals;

(6) require the provision of case management services to each chronically mentally ill individual in the State who receives substantial amounts of public funds or services (for this paragraph, the term "chronically mentally ill individual" is meant as defined under State laws and regulations);

(7) may provide for the implementation of case management requirements in (6) in a manner which phases in the provision of such services, beginning in FY 1989, and provides for the substantial completion of such phasing in by the end of FY 1992;

(8) provide for the establishment and implementation of a program of outreach to, and services for, chronically mentally ill individuals who are homeless.

Section 1922(c) requires the States, in developing State plans under this section, to consult with representatives of employees of State institutions and public and private nursing homes who care for chronically mentally ill individuals.

Section 1922(d) requires the Secretary to provide technical assistance to States in the development and implementation of States plans which comply with this section. Technical assistance would include the development and publication by the Secretary of model elements for State plans and model data systems for the collection of data concerning the implementation of State plans.

The new section 1923 provides for enforcement of the State plan requirement. It requires that, if the Secretary determines that a State has not, by the end of FY 1989, developed the State plan as required, the Secretary shall reduce the State's allotment for FY 1989 under the ADM block grant by the amount expended by the State for administrative expenses in FY 1986 for the block grant.

If the State has not, by the end of FY 1989, developed and substantially implemented the required State plan, the Secretary shall reduce the State's block grant allotment for FY 1990 by the same amount. If the State has not, by the end of FY 1990, developed and completely implemented the required State plan, the Secretary shall reduce the State's block grant allotment for FY 1991 and succeeding years by the same amount. The Secretary shall discontinue the reduction of a State's allotment if the Secretary determines that the State has, in the preceding fiscal year, developed and completely implemented the State plan as required.

The new section 1924 directs the Secretary, within one year after the date of enactment, to develop and make available a model plan for a community-based system of care for chronically mentally ill individuals. The plan would be developed in consultation with

State mental health directors, providers of mental health services, chronically mentally ill individuals, advocates for such individuals, and other interested parties.

Section 3 of S. 1744 amends section 1916(f) of the PHS Act to require that States establish State mental health services planning councils. States may use their allotments under the ADM block grant to establish and operate such councils.

Section 4 of S. 1744 amends section 504(f) of the PHS Act, which authorizes grants for community support programs for chronically mentally ill individuals. Section 4(a) of the bill amends section 504(f)(1) to include homeless chronically mentally ill individuals among those eligible for services under community support programs. Section 4(b) of the bill amends section 504(f)(3) to increase the authorization for appropriations for community support programs for FY 1987 from $20 million to $24 million. Section 4(c) of the bill amends section 504(f) to provide that not more than 25 percent of the total amount of a grant made to a State for any fiscal year for community support programs may be used by the State for administrative expenses in carrying out the grant.

X. Changes in Existing Law

In compliance with rule XXVI paragraph 12 of the Standing Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be ommitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Public Health Service Act

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TITLE V—ADMINISTRATION AND COORDINATION OF THE NATIONAL INSTITUTE OF MENTAL HEALTH, THE NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM, AND THE NATIONAL INSTITUTE ON DRUG ABUSE

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ESTABLISHMENT OF INSTITUTE

Sec. 504. (a)–(e) * * *

(f)(1) The Secretary, acting through the Director, may make grants to States, political subdivisions of States, and private nonprofit agencies for mental health services demonstration projects for the planning, coordination, and improvement of community services for chronically mentally ill individuals, seriously mentally disturbed children, [and elderly individuals,] *elderly individuals, and homeless chronically mentally ill individuals*, and for the conduct of research concerning such services.

(2) The Secretary may make a grant under paragraph (1) for not more than three consecutive one-year periods, except that the Secretary may waive the limitation of this paragraph with respect to a particular grant if the Secretary determines that extenuating circumstances exist which merit such waiver.

(3) For purposes of paragraphs (1) and (2) there are authorized to be appropriated $20,000,000 for each of the fiscal years [1985, 1986, and 1987.] *1985 and 1986, and $24,000,000 for fiscal year 1987.*

(4)(A) Not more than 25 percent of the total amount of a grant for fiscal year 1987 made to a State under this subsection for a project for services for chronically mentally ill adults (other than a project for services for elderly individuals or a project for services for homeless chronically mentally ill individuals) may be used by the State for administrative expenses in carrying out such grant in such fiscal year.

(B) Not more than 25 percent of the total amount of any grant made to a State under this subsection for any fiscal year (beginning with fiscal year 1988) may be used by the State for administrative expenses in carrying out such grant in such fiscal year.

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TITLE XIX—BLOCK GRANTS

PART A—PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT

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PART B—ALCOHOL AND DRUG ABUSE AND MENTAL HEALTH SERVICES BLOCK GRANT

SUBPART 1—BLOCK GRANT

AUTHORIZATION OF APPROPRIATIONS

SEC. 1911. For the purpose of grants and allotments under section 1913, there is authorized to be appropriated $491,000,000 for fiscal year 1982, $511,000,000 for fiscal year 1983, $532,000,000 for fiscal year 1984, $515,000,000 for fiscal year 1985, $545,000,000 for fiscal year 1986, and $576,000,000 for fiscal year 1987.

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APPLICATION AND DESCRIPTION OF ACTIVITIES

SEC. 1916. (a)–(e) * * *

(f) [With amounts available under section 1915(a), the chief executive officer of the State may] *The chief executive officer of the State shall* establish a State mental health services planning council which will—

(1) serve as an advocate for chronically mental ill individuals, seriously mentally ill children, adolescents, elderly individuals, and other individuals with mentally illness or emotional problems, and

(2) monitor, review, and evaluate, not less often than annually, the allocation and adequacy of mental health services within the State.

Such a council shall be made up of residents of the State and include in its membership representatives of the principal State agencies involved in mental health, higher education training facilities, and public and private entities concerned with the need, planning, operation, funding, and use of mental health and related

services and activities. At least one half of the membership shall consist of individuals who are not State employees or providers of mental health services. *The State may use amounts available under section 1915(a) to establish and operate such a council.*

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SUBPART 2—STATE COMPREHENSIVE MENTAL HEALTH SERVICES PLAN

DEVELOPMENT GRANTS

SEC. 1921. (a) The Secretary shall make grants to States for the development of State comprehensive mental health services plans which comply with section 1922. In order to receive a grant under this section, a State shall submit an application to the Secretary. Such application shall be in such form, and shall contain such information, as the Secretary may by regulation prescribe.

(b)(1) Except as provided in paragraph (2), the amount of a grant to a State under this section for a fiscal year shall be the amount which bears the same ratio to the amount appropriated to carry out this section for such fiscal year as the population of the State bears to the total of the population of all States which submit applications under this section.

(2) Notwithstanding paragraph (1), the amount of a grant to any State under this section shall not be less than $150,000.

(c) To carry out this section, there are authorized to be appropriated $10,000,000 for each of the fiscal years 1987 and 1988.

STATE COMPREHENSIVE MENTAL HEALTH SERVICES PLANS

SEC. 1922. (a) For each fiscal year, beginning with fiscal year 1987, each State shall submit a State comprehensive mental health services plan (hereafter referred to in this subpart as the "State plan") to the Secretary.

(b) A State plan shall, for the fiscal year for which the plan is submitted and each of the 2 succeeding fiscal years, meet the following requirements:

(1) The State plan shall provide for the establishment and of implementation of an organized community-based system of care for chronically mentally ill individuals.

(2) The State plan shall contain quantitative targets to be achieved in the implementation of such system, including numbers of chronically mentally ill individuals residing in the areas to be served under such system.

(3) The State plan shall describe services to be provided to chronically mentally ill individuals to enable such individuals to gain access to mental health services, including access to treatment, prevention, and rehabilitation services.

(4) The State plan shall describe rehabilitation services, employment services, housing services, medical and dental care, and other support services to be provided to chronically mentally ill individuals in order to enable such individuals to function outside of inpatient institutions to the maximum extent of their capabilities.

(5) The State plan shall provide for activities to reduce the rate of hospitalization of chronically mentally ill individuals.

(6) Except as provided in paragraph (7), the State plan shall require the provision of case management services to each chronically mentally ill individual in the State who receives substantial amounts of public funds or services. For purposes of this paragraph, the term "chronically mentally ill individual" means a chronically mentally ill individual as defined under State laws and regulations.

(7) The State plan may provide for the implementation of the requirements of paragraph (6) in a manner which—

(A) phases in, beginning in fiscal year 1989, the provision to all chronically mentally ill individuals to which such paragraph applies the case management services required to be provided under such paragraph; and

(B) provides for the substantial completion of the phasing in of the provision of such services by the end of fiscal year 1992.

(8) The State plan shall provide for the establishment and implementation of a program of outreach to, and services for, chronically mentally ill individuals who are homeless.

(c) In developing each State plan required under this section, the State shall consult with representatives of employees of State institutions and public and private nursing homes who care for chronically mentally ill individuals.

(d) The Secretary shall provide technical assistance to States in the development and implementation of State plans which comply with this section. Such technical assistance shall include the development and publication by the Secretary of model elements for State plans and model data systems for the collection of data concerning the implementation of State plans.

ENFORCEMENT

SEC. 1923. (a) If the Secretary determines that a State has not, by the end of fiscal year 1988, developed the State plan required by section 1922, the Secretary shall reduce the amont of the State's allotment under subpart 1 for fiscal year 1989 by the amount specified in subsection (c).

(b) If the Secretary determines that a State has not, by the end of fiscal year 1989, developed and substantially implemented the State plan required by section 1922, the Secretary shall reduce the amount of the State's allotment under subpart 1 for fiscal year 1990 by the amount specified in subsection (d).

(c) If the Secretary determines that a State has not, by the end of fiscal year 1990, developed and completely implemented the State plan required by section 1922, the Secretary shall reduce the amount of the State's allotment under subpart 1 for fiscal year 1991 and each succeeding fiscal year by the amount specified in subsection (d). The Secretary shall discontinue the reduction under this subsection of a State's allotment under subpart 1 for a fiscal year if the Secretary determines that the State has, in the preceding fiscal year, developed and completely implemented the State plan required by section 1922.

(d) The amount referred to in subsections (a), (b), and (c) with respect to a State is the total amount expended by the State for administrative expenses for fiscal year 1986 from amounts paid to the State under subpart 1 for such fiscal year.

"(e) Notwithstanding any other provision of this subpart, the Secretary shall not require a State government, in carrying out a State plan submitted under this subpart, to expend an amount for mental health services for any fiscal year which exceeds the total amount that would have been expended for such services by such government for such fiscal year if such plan had not been implemented.

MODEL STANDARDS FOR THE PROVISION OF CARE TO THE CHRONICALLY MENTALLY ILL

SEC. 1924. (a) Within one year after the date of enactment of this subpart, the Secretary shall develop and make available a model plan for a community-based system of care for chronically mentally ill individuals. Such plan shall be developed in consultation with State mental health directors, providers of mental health services, chronically mentally ill individuals, advocates for such individuals, and other interested parties.

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